



MEMORANDUM

To: Members of the House Judiciary Committee

From: Wendy Block, MI Chamber of Commerce

Subject: Chamber Opposes HB 4217 to Expand Litigation

Date: March 20, 2007

The purpose of this memorandum is to urge you to oppose House Bill 4217 (Rep. Robert Jones), a bill to open the floodgates to lawsuits under the Michigan Consumer Protection Act (MCPA).

House Bill 4217 would substantially reduce the scope of the regulatory compliance exemption under the MCPA. Currently, companies that are regulated by the state and federal government must comply with a wide range of requirements and are exempt from the MCPA for those regulated services and activities. However, it is important to note that companies failing to comply with these regulated services and activities remain subject to the penalties provided for in their regulating statute(s).

House Bill 4217 would subject Michigan companies to lawsuits if their actions are allowed by their regulating body but not "expressly permitted by a statute, rule or regulation" (HB 4217, Page 1, Line 8). For example, a state agency may permit a company to engage in a method, act or practice through administrative order, Rule or regulation; however, if this method, act or practice is not permitted by statute, rule or regulation the company may be vulnerable to a lawsuit under the MCPA. Quite simply: House Bill 4217 is unnecessary, and would encourage or promote a system of regulation through litigation.

Due to a scheduling conflict I will be unable to attend the House Judiciary Committee meeting on March 21. However, if you have any questions please do not hesitate to contact me or Rich Studley at (517)371-2100.